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20 MAR 1947

**MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:****SUBJECT: German Military Document Section and Special Document Section,  
Intelligence Division, WIGS.**

1. Reference your memorandum, 7 February 1947, subject as above.
2. The plan for Central Intelligence Group to assume the intelligence functions of German Military Document Section and Special Document Section is concurred in as proposed in the above memorandum, provided that the Industrial Card File Project now conducted by SDS be continued.
3. The operation of this Industrial Card File Project has developed out of the procedure for exploiting captured documents relating to Soviet industry. Satisfactory evaluation and interpretation necessitated collating the materials with information on Soviet industry from other sources, so a system was established whereby ID, A-2, ONI and ORIS fed to SDS all data on Soviet industry from any source. SDS upon receipt of the data would enter them upon cards for reproduction and dissemination to the contributing agencies.
4. The system in practice has worked very well and has been extremely valuable for all the agencies concerned, since it meant that each agency received not only the data on Russian industry extracted from captured documents but all other information on the subject received by all the other agencies. With the passage of time the proportion of captured-document data in the total information on the Soviet industry distributed by SDS has steadily diminished. The system, however, has proved to be so useful to the Intelligence Division and the other agencies that they are eager not only to continue it for the U.S.S.R. after the exploitation of captured German documents pertaining to that country has been completed, but to extend its application to other countries as well, beginning with the satellite countries.
5. Negotiations among the several intelligence agencies are currently going forward under the coordination of the Director of Central Intelligence for the purpose of establishing in CIG a central unit to assess the value, disseminate and maintain in such form as will meet the requirements of government agencies all information on foreign industry. It is generally agreed that the SDS procedure for assembling and disseminating industrial data which has proved its soundness and value could, with its experienced staff,

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provide the nucleus for the industrial-data unit to be established in CIG. Assurance is sought, therefore, that such a unit will be set up in CIG, as provided in the 19 February 1947 draft of the proposed CIG Directive No. 22. Otherwise, there is the definite possibility that with the transfer of SDS to CIG the highly important part of the SDS operation pertaining to industrial data will be terminated without provision for a satisfactory alternative. In the event of the latter contingency the Intelligence Division would have to resume the function without any longer having the necessary organization for it.

6. Reference paragraph 2 b, your memorandum, it is suggested that the transfer date for SDS be set as 31 May 1947.

7. Reference paragraph 3 c, your memorandum, it is believed the better solution to this personnel problem is for the immediate introduction of two (2) persons from CIG into SDS and one (1) person into GMDS to understudy present key positions of these sections.

8. It is planned to transfer the custody of and responsibility for captured German military documents from the Intelligence Division to The Adjutant General between 1 May and 1 June 1947.

S. J. CHAMBERLIN  
Major General, G. S. C.  
Director of Intelligence